

# Oilmeal Weekly Research Report

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## Executive Summary

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Soybean, meal and rapeseed-mustard rebound in anticipation of fresh new crop deals, especially in bean and meal, after steep fall in recent weeks.

The soybean harvesting has commenced in Madhya Pradesh and Maharashtra, but are slowed due to rains during the week in review.

Overall, the domestic soybean crop is in good health and it is mostly under pod formation or maturity stage and prolonged or heavy rains over the key growing belts will hurt the quality of the bean. Forecast of further rains in near-term is worrying the cultivators.

Besides, forecast of record US soybean production is exerting pressure in the international bean and meal, the CBOT soybean prices recovered initially during the week but later fell on the bearish supply outlook.

The domestic soybean and meal are expected to feature range-bound movement with firm bias on expectation fresh new kharif oilseeds demand from stockists and solvent extractors.

The rapeseed-mustard too has recovered but weakness in soybean is pressuring the seed. We feel the seed prices will recover on fresh millers demand in anticipation of renewed festive demand in the mustard oil.

## Outlook – Cash Market

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**Outlook - Soybean (Spot, Indore):** *The soybean rebound, as expected, on expectation of renewed new crop buying. We feel prices have bottomed out and are around the lowest levels. However, expectation of higher domestic soybean crop this season, weak soy meal exports, forecast of record US soybean production and lower crude will pressurize the domestic soybean to some extent. The prices are expected to feature range bound movement and witness 3350 – 3500 levels (Indore, Plant basis).*

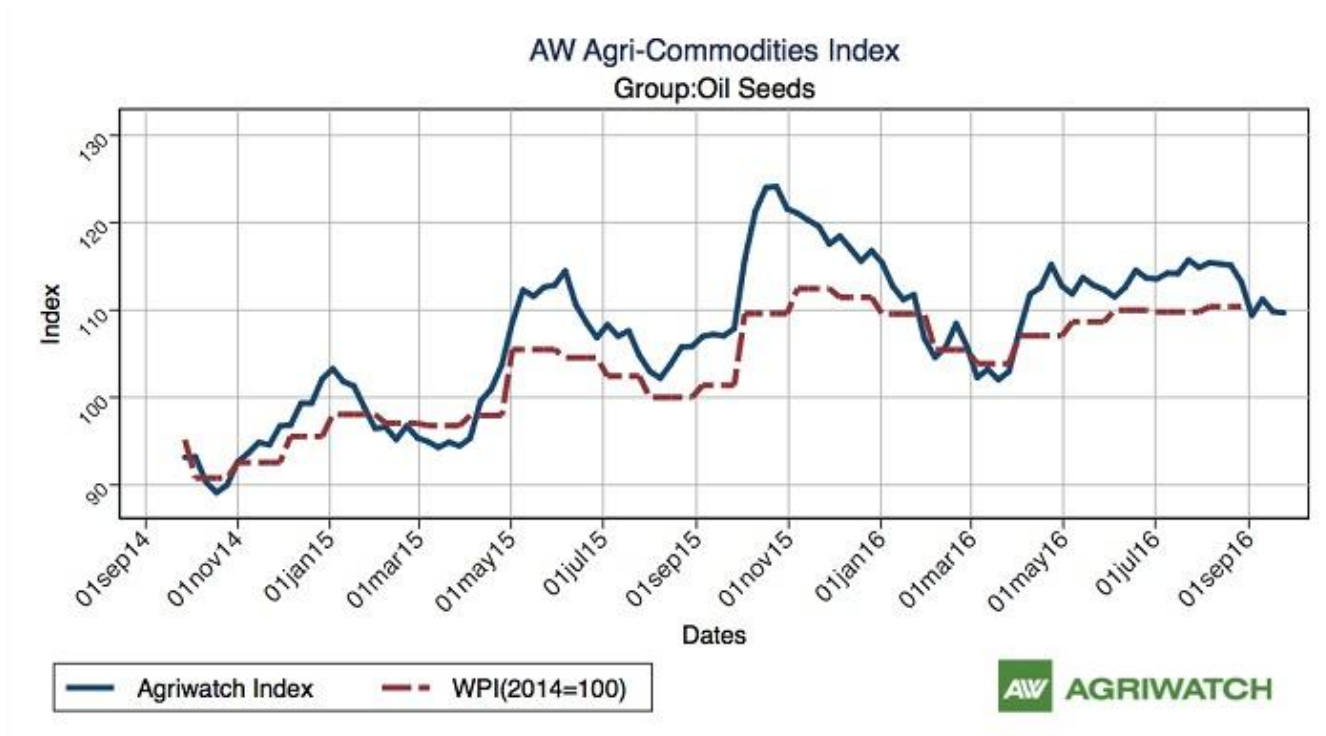
**Outlook – Soy meal:** *Soy meal too recovered, as expected, in sync with soybean. We strongly feel that the prices are near the season's lowest levels. However, expectation of higher crushing on likely good soybean production on better distribution of seasonal rainfall in the key soybean domestic regions and weak soy meal exports is restricting gains in the domestic soy meal. Indian meal exporters are advised to explore new markets and aggressively try to regain the lost markets of peak exports season especially traditional South and Far-East Asian destinations including Japan in the upcoming season. The domestic meal prices are likely to feature range bound movement in near-term. Soy meal, Indore is expected to be in the range of 29,500 – 30,300/MT levels during the week.*

**Outlook - Rapeseed-Mustard (Spot, Jaipur basis):** *The seed edged-up supported by soybean in the cash market, during the week. Likely renewed buying by miller's, to meet the fresh mustard oil demand for upcoming festivities will push up the seed prices. The seed prices are likely to edged-up and witness the levels between 4940 – 4980; levels during the week.*

## AW Oilseeds Index – 25 September 2016

The Agriwatch Agri Commodities Index gained 0.78% to 116.13 during the week ended Sept 24, 2016 from 115.24 during the previous week as pulses recovered from their recent sharp fall. The base for the Index and all sub-Indices is 2014 (= 100).

In the commodity group sub-index, Oilseeds Index stood at 109.68 (-0.12%) week-on-week.



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website [www.agriwatch.com](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

## International Highlights

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- ❖ USDA weekly crop progress report has revealed that about 46% of the US soybean crop is dropping leaves which down from 50% during the corresponding period last year but above from 43% with the 5 year average.
- ❖ Soybean harvesting is reported at 4%, down compared to 6% during the corresponding period last year and slightly down from 5% from 5 year average.
- ❖ About 73% of the newly planted US soybean crop is under good to excellent conditions which is up from 63% during the same period last year, reported in the US crop progress report dated 19 Sept. 2016.
- ❖ Pro Farmer has projected US soybean production at a record 4.093 billion bushels, considering an average yield of 49.3 bushels per acre after the recent crop tour; this is above USDA's August WASDE - outlook for a 4.060 billion bushels production with an average yield of 48.9 bushels per acre.
- ❖ In the latest IGC, report the 2016/17 world soybean outturn is projected to improve by 3% y-o-y, to a record of 325 million tonnes, tied to anticipated area gains and enhanced yields in leading producers. With total consumption seen expanding further on growing demand for soybean products, especially in Asia, global stocks are expected to ease to a three-year low of 31.5 million tonnes.
- ❖ US oilseeds processors have crushed 4.604 million tonnes of soybean during July which is down from 4.673 million tonnes during the corresponding period last year and marginally down from 4.624 million tonnes processed during June this year, reported USDA. US soybean inventories stood at 419,802 tonnes up from 281,038 tonnes in June.
- ❖ Brazil has exported 3.82 million tonnes of soybean in August against 5.16 million tonnes during the corresponding period last year and 5.79 million tonnes in July 2016.
- ❖ Brazil has exported 1.09 million tonnes of soy meal in August against 1.11 million tonnes during the corresponding period last year and 1.39 million tonnes in July 2016.
- ❖ Brazil's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected surpass 140million tonnes by 2025 by FCStone.
- ❖ Argentine government has postponed a tax slash premeditated for next marketing year on exports of soy and its products. The country is reeling into economic slump and dependent of the fiscal revenue.

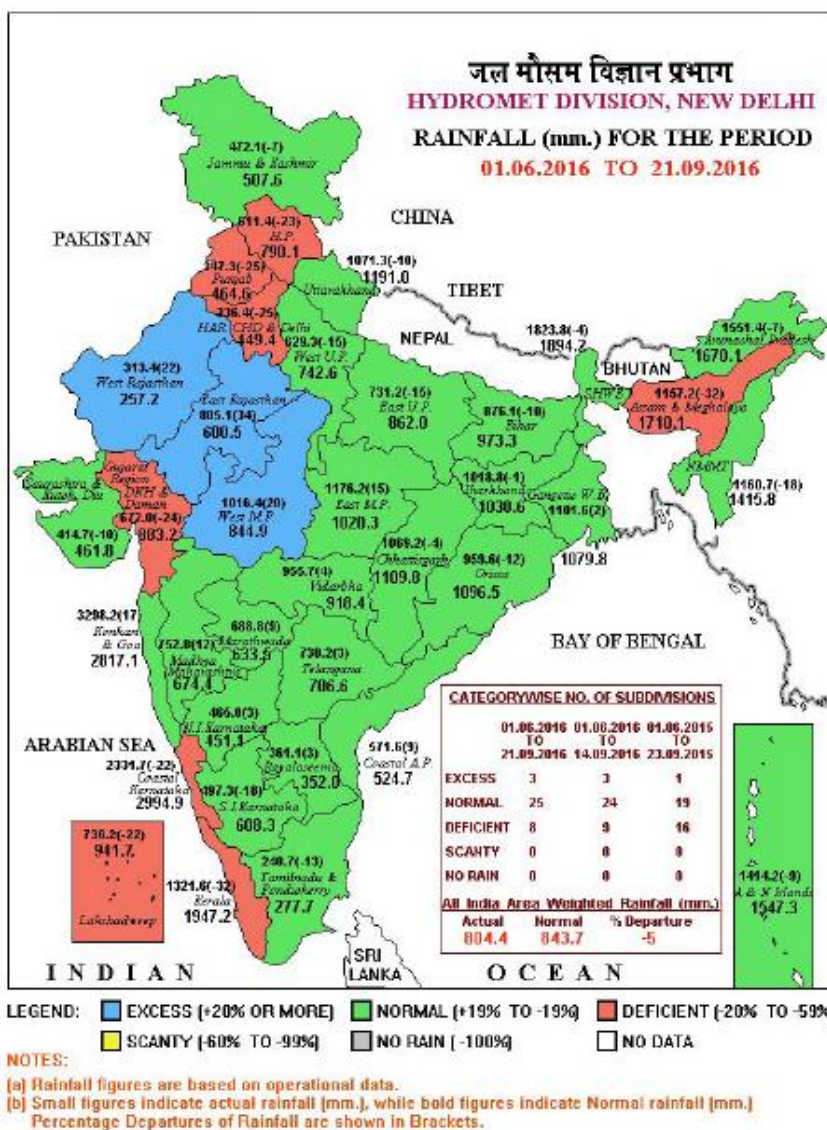
- ❖ Argentina's government has raised its 2015/16 soybean crop to 58 million tonnes from its previous forecast of 57.6 million tonnes followed by faster than expected recovery of area considered lost to floods hit area in Argentina.
- ❖ Rosario Gains Exchange have revised its forecast for Argentina's 2015/16 soybeans up to 55.3 million tonnes from 55 million tonnes previously. This is despite severe crop damage after flood in April.
- ❖ In the official figure Argentina's soybean production is estimated to decline to 57.6 million tonnes from 61.4 million tonnes.
- ❖ INTL FC Stone has slashed the Brazil's 2015-16 production by 1 million tonnes to 96.5 million tonnes, in its recent report. Besides, Informa has lowered the Brazil's and Argentina's 2015/16 soybean production from 100.5 vs 100.1 mln t and 55.0 vs 59.5 mln t respectively.
- ❖ Abiove has trimmed Brazil's 2015/16 soybean crop to 96.6 million tonnes (during Feb. – Jan.) from 97.3 million projected earlier. It has lowered Brazil's soybean exports estimate to 53 million tonnes from 53.8 million tonnes Brazil had shipped 54.3 million tonnes in previous season.
- ❖ World supplies of soybeans are likely to increase sharply by 19 Mn T in 2015/16, despite a global prospective production decline by 3 Mn T, leading to another above-average increase in soybean crushings, reports Oil World.
- ❖ Agroconsult has projected Brazil's 2016/17 area under soybean higher by 600,000 hectares. The consultant has projected Brazil's 2015/16 soybean production at 101.7 million tonnes in its final estimate.
- ❖ Conab, the Brazil government's crop supply agency, has raised Brazil's 2015/16 soybean crop to a record 101.18 million tonnes, which is up from 100.93 million tonnes from its previous estimate in February followed by increase in planted area and yields.
- ❖ FCStone has increased Brazil's 2015/16 soybean production forecast to 98.6 million tonnes from 98 million tonnes in its previous estimates.
- ❖ Again, Informa has raised its forecast for Brazil's 2015/16 soybean production in its monthly report to 101.3 million tonnes from 100.5 million tonnes last month. It has lowered Argentina's 2015/16 soybean production forecast to 59.0 million tonnes from 60.0 million tonnes in February.
- ❖ Brazil's Congress has passed a bill that will increase the country's biodiesel blend from its current 7% to 10% over the next three years.

- ❖ AgRural has increased its forecast for Brazil's 2015/16 soybean to 99.7 million tonnes from 98.7 million after beneficial rains.
  - ❖ Rosario Grains Exchange has raised Argentina's 2015/16 soybean production forecast to 59 million tonnes from 58.5 million tonnes in its earlier estimates. The increase is due to the higher than expected yield in the major growing belts.
  - ❖ CRF reported that Argentina's soybean production is nearing last year's record of around 61 million tonnes. It also projected Paraguay 2015/16 soybean production at record 9.7 million tonnes which is above USDA's estimate of 8.8 million tonnes.
  - ❖ However, according to the estimates by the government agency, Argentina's 2015/16 soybean production is estimated near 60 MMT which is below last year production of 61.4 MMT.
  - ❖ China is forecast to import 85 million tonnes of soybeans in 2016/17, up from the previous season, however, higher inventories is expected to limit the rise in buying.
  - ❖ China National Grain and Oils Information Center (CNGOIC), said in the IGC grain conference that the country's soybean imports were expected to reach 82 million tonnes in the 2015/16 year on an October-September season compared to 78.35 million tonnes during the corresponding period in 2014/15.
- Global palm oil production will fall by almost 3.00 million tons in September 2016. Indonesia's palm oil output estimate is cut by 1.2 million tons. Malaysia's palm oil production estimate is cut by 1.5 million tons to 18.4 million tons. Consumers will get relief from July 2016. Palm oil stock buildup will possibly start from September 2016.

## IMD Monsoon Forecast and Current Rainfall Status

In the IMD's Operational 2<sup>nd</sup> stage Long Range forecast for the 2016:

- Rainfall over the country as a whole for the 2016 southwest monsoon season (June to September) is most likely to be **above normal** (>104% to 110% of long period average (LPA).
- Quantitatively, monsoon season rainfall for the country as a whole is likely to be 106% of the long period average with a model error of  $\pm 4\%$ .
- Region wise, the season rainfall is likely to be 108% of LPA over North-West India, 113% of LPA over Central India, 113% of LPA over South Peninsula and 94% of LPA over North-East India all with a model error of  $\pm 8\%$ .
- The monthly rainfall over the country as whole is likely to be 107% of its LPA during July and 104% of LPA during August both with a model error of  $\pm 9\%$ .
- However, recently the IMD has recently revealed that the seasonal rains will be within normal.



The event should boost the yield and subsequently production this season, as the *khari* oilseeds are rain-fed.

# Soybean

The domestic soybean posted gains in anticipation of fresh new crop buying and slow down in soybean harvesting due to rains over the key growing belts of Madhya Pradesh, Maharashtra and Rajasthan.

Continued rains over the key growing belts since last two weeks, have not only delayed the harvesting of the soybean crop but also raised the quality concern mainly in MP and Maharashtra.

A large portion of the soybean crop is under pod formation and maturity stage and the crop needs clear and sunny weather for good health. However, there are no reports of any major crop damage, disease or pest infestation.

The overall rainfall over Madhya Pradesh, Maharashtra and Rajasthan is still reportedly normal and above normal in various key belts.

IMD in its weekly Southwest monsoon progress report India's actual rainfall fell and was reported at 804.4 mm against the normal 843.7 mm and departure stands at -5%, till 21 September 2016.

In West Madhya Pradesh, the departure of Southwest monsoon has improved to normal by +20%, actual rains is reported at 1016.4 mm vs 844.9 mm normal till 21 September 2016 by IMD. Vidarbha reported the departure of -4%, actual rains 955.7 mm vs 918.4 mm normal. Marathwada reported the departure of 9% with actual rains of 688.8 mm vs 633.5 mm, East Rajasthan reported a departure of +34% with actual rains 805.1 mm vs 600.5 mm normal.

Better seasonal/monsoon rains this season is expected to boost the soybean production. But prolonged rains after crop maturity will raise the quality concern in the crop.

In the official planting report by Ministry of Agriculture, dated 23 September 2016, the area coverage under soybean reported slightly lower by 1.4% at 114.71 lakh hectares compared to 116.28 lakh hectares in the corresponding period last year.

<b>Crop</b>	<b>As on 23 Sep. 2016</b>	<b>As on 23 Sep. 2015</b>	<b>% Chg.</b>
Groundnut	46.93	36.38	<b>29.0</b>
Soybean	114.71	116.28	<b>-1.4</b>
Sunflower	1.61	1.48	<b>8.8</b>
Sesamum	15.75	16.91	<b>-6.9</b>
Others	10.16	12.66	<b>-19.7</b>
<b>Total Oilseeds</b>	<b>189.16</b>	<b>183.71</b>	<b>3.0</b>

The total sown area under *kharif* oilseeds, as on 23 September, has surpassed the previous year's level which is up by 3% at 189.16 lakh hectares compared to 183.71 lakh hectares during the corresponding period last year.

India's total area under soybean in 2015 was 116.16 lakh hectares which was higher by 5.8% from 2014.

We expect India's area under soybean in 2016 to be slightly lower than 116 lakh hectares.

In the USDA's WASDE September report India's soybean production forecast are lowered to 9.7 million tonnes from 11.4 million tonnes in August.

In the USDA – FAS grain report, the US attaché in India had projected India's 2016/17 soybean production at 11.5 million tonnes up from it's previous forecast of 11 million.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, Ambika Joara, ABIS Rajnandgaon, Laxmi Solvex, Sanwariya – Itarasi, SSA Mandideep, Bansal, Khandwa Oil, Ruchi, Agrawal Neemuch, Betul Oil, Prakash, Bajrang, Prestige, Ambuja, Prakash, Sitashri, Divya Jyoti, Avi Agro, Rama Sitashri Vippy, Kriti, Mahakali, Mahalaxmi, Dhanuka, Khyati, Premier, Dhan Laxmi, Dhanuka Soy, Indian Solvent (ABIS) and Advantage Overseas (10-2-2 specification) for Dewas and Mandsaur delivery during the week.

***The domestic soybean prices are likely to feature range-bound movement with weak bias on expectation of higher soybean production this season, weak soy meal export sales will pressure the bean market in near-term. But likely fresh demand for new season will push up the prices in coming weeks.***

## **International:**

The international soybean edged-lower on prospects of record US soybean production harvest but the losses were limited due to the wet weather in US Midwest which has slowed down the US harvesting.

At CBOT, November contract soybean prices declined and fell to US \$ 9.40/bushel and finally settled at US \$ 9.66/bushel under the week in review.

The US soybean harvesting has commenced but it is slow compared to the normal pace due to rains in the pockets of key growing belt.

USDA weekly crop progress report has revealed that about 46% of the US soybean crop is dropping leaves which down from 50% during the corresponding period last year but above from 43% with the 5 year average.

Soybean harvesting is reported at 4%, down compared to 6% during the corresponding period last year and slightly down from 5% from 5 year average.

About 73% of the newly planted US soybean crop is under good to excellent conditions which is up from 63% during the same period last year, reported in the US crop progress report dated 19 Sept. 2016.

U.S. August soybean crush fell to 131.822 million bushels from 143.715 million bushels in July, down by 7.9 percent m-o-m. Crush of soybean in August 2015 was 135.304 million bushels, According to National Oilseed Processors Association (NOPA).

In the USDA's WASDE September report the US soybean yield is projected up at 50.6 bushels per acre from 48.9 bpa previously, which has eventually increased the production projections to 4.201 billion bushels from 4.060 billion bushels estimated in August.

FCStone has raised its projection of the US 2016 soybean productivity to a record 50.1 bushels per acre (bpa) up from its previous forecast of 48.8 bpa.

Again Informa Economics has increased its US 2016 soybean productivity projections to 49.5 bpa from 47.7 bpa previously.

Pro Farmer has projected US soybean production at a record 4.093 billion bushels, considering an average yield of 49.3 bushels per acre after the recent crop tour; this is above USDA's August WASDE - outlook for a 4.060 billion bushels production with an average yield of 48.9 bushels per acre.

In a major event Brazil's 2016/17 soybean planting has commenced and it is 1.2% complete by September 22.

Conab has raised its Brazil's 2015/16 soybean production estimate to 95.43 million tonnes, which was harvested in May, from 95.42 million tonnes in the previous estimate.

FC Stone has projected Brazil's 2016/17 soybean production at 101.85 million tonnes compared to 95.4 million tonnes in 2015/16.

Brazil's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected to surpass 140million tonnes by 2025 by FCStone.

Brazil's soybean cultivators are unlikely to increase the area in soybean in the new season due to the tight credit followed by severe slowdown in the economy in decades and the likely erratic weather, said FCStone.

The Brazilian farmers are likely to plant 33.56 million hectares (82.9 million acres) with soybean in 2016/17 which will be an increase of just 315,000 hectares, up 0.9%, compared to 2015/16.

The soybean outturn is expected to touch 101.85 million tonnes, considering the average productivity of 2015/16, when production could only reach 95.42 million tonnes due to drought.

Brazil has exported 3.82 million tonnes of soybean in August against 5.16 million tonnes during the corresponding period last year and 5.79 million tonnes in July 2016.

Argentine government has postponed a tax slash premeditated for next marketing year on exports of soy and its products. The country is reeling into economic slump and dependent of the fiscal revenue.

China's 2016/17 soybean imports growth are expected to slow down on higher state reserve or inventories and increase in China's soybean production.

China is world's largest soybean importer, with two thirds of the world soybean trades volume. China's imports grew by 5 million tonnes year-on-year since 2004, considering the USDA figure.

China's soybean production is up 13% to 13.1 million tonnes, highest in last 5 years, reported by China National Grain and Oils Information Center (CNGOIC).

China's 2016/17 soybean demand is expected to touch 85 million tonnes, up from 83 million in 2015/16 for the crop year ending September 31.

China continues to ease its soybean inventories and have sold the about 1.4 million tonnes of soybean in its open market since July, reported CNGOIC.

China's August'16 soybean imports are reported down by 1.5% at 7.6 million tonnes compared to 7.7 million tonnes in July'16.

China's soybean imports slowed down due to its higher state soy inventories.

Chinese soybean imports were reported to only 23.0 Mn T in June/Aug 2016, 2.4 Mn T less than a year ago, reported by the Oil World.

Oil World have is considering that US exporters will increase shipments to China by 4 Mn T in next six months.

China National Grain and Oils Information Center (CNGOIC), said in the IGC grain conference that the country's soybean imports were expected to reach 82 million tonnes in the 2015/16 year on an October-September season compared to 78.35 million tonnes during the same period in 2014/15.

G-5 soybean shipments have substantially risen by 10.9 Mn T in Sept/Aug 2015/16 compared to the corresponding period last year, Oil World.

Strong global soybean demand and fall in the South American supplies will boost the US soybean exports in Sep/Feb. 2016/17.

*The international soybean prices are expected to feature range bound movement with weak bias on forecast of record production and weak crude. However, fresh Chinese orders for the new crop delivery could jack up the soybean prices in near-term*

*Besides, expected higher soybean crop on better monsoon this season in India and poor soy meal shipments from India will limit any sharp gains in the domestic soybean in near-term.*

## Soy meal

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The domestic soy meal edged-up in sync with soybean primarily on expectation of fresh new crop deals for the new season commencing October 1.

The domestic soy meal demand remained flat while the exports continued to be weak due to India's uncompetitive meal price at the international market.

Likely higher 2016/17 domestic soybean production will eventually increase the soybean crushing and improve the availability in meal in the new season.

But India's soy meal prices have to be competitive to improve the meal shipment in the new season.

Encouraged by the prospects of a good soybean crop this season, SOPA is sending a five-member delegation to promote export of Indian soybean meal to the Far-East and South-East Asian countries. Union Government has extended its full support to SOPA in its export promotion efforts.

The SOPA delegation will be led by its Chairman Dr. Davish Jain and will be visiting five countries—Thailand, Philippines, Vietnam, Indonesia and Japan from September 18 to 28th.

SOPA delegation will explore the markets in these countries and meet the prospective buyers and trade bodies of soy meal. The Chairman said India has been a major exporter of Soy meal to Asian countries but during the

last couple of years, exports have drastically fallen due to disparity in prices. In view of the good crop prospects, SOPA sees a very good possibility of India re-entering these markets with competitive prices and an added advantage of the Indian soy meal being totally Non-GM.

We expect India's soy meal exports to improve in the new season on expected better 2016/17 soybean crop production leading to higher crushing eventually increasing the meal supplies.

Besides, soy meal too fell in the international market on expected record for US soybean, projected by various agencies including Pro Farmer, USDA, FCStone and after their survey for US soy and corn productivity.

The October CBOT soy meal edged-lower and settled at US \$ 303.3 per short ton compared to US \$ 313.7 per short ton last week.

The domestic soy meal prices at Indore, fell and were quoted between Rs 29,000 – 30,300/MT compared to Rs 28,800 – 29,500/MT previous week.

At Latur and Nanded, Maharashtra, soy meal was quoted at Rs 32,300/MT and Rs 32,000/MT respectively compared to Rs 29,500/MT in Indore and Rs 28,200/MT in Kota. The meal prices of the various centers of Maharashtra continued to be at premium compared to the centers of Madhya Pradesh. This is due to the freight advantage for the South-Indian poultry units from Maharashtra over Madhya Pradesh.

India's soy meal shipments continued to be weak and it is multi-year low, primarily on India's noncompetitive prices compared to the South American meal.

***India's soy meal shipments and its other value added products during August 2016 is just 10,615 tons compared to 31,157 tons in August 2015 showing a decrease of 66% over the same period of last year.***

***On a financial year basis, the export during April'2016 to August'2016 is 63,522 tons as compared to 1,68,054 tons in the same period of previous year showing a decrease of 62%.***

***During current Oil year, (October – September), total exports during October 2015 to August, 2016 is 2,49,291 tons as against 7,17,682 tons last year, showing a decrease by 65%, as reported by SOPA.***

Japan, USA, South Korea, Sri Lanka and Myanmar remained the top buyers of soy meal of Indian origin in August.

Lower exports are mainly due to demand shift to South America. This is mainly due to the attractive offer price compared to India.

Brazil has exported 1.09 million tonnes of soy meal in August against 1.11 million tonnes during the corresponding period last year and 1.39 million tonnes in July 2016.

Brazil has exported about 1.57 million tonnes of soy meal in June against 1.93 million tonnes and 1.62 million tonnes during the corresponding period last year. The figure reveals slow export pace due to rains and disruptions at port.

G-5 soy meal shipments were at a combined 10.1 Mn T in July/Aug 2016 below the high year ago level, said Oil World.

Oil world expects world production of soy meal to rise by about 6% to a record 163.8 Mn T in Jan/Sept 2016, allowing exports to improve by 3.2 Mn T or 7% under the lead of Argentina.

*Indian meal prices have to be highly competitive against the South American and China's meal prices to regain the lost markets it lost in previous seasons.*

*Preference of the soy meal of Indian origin mainly by the South-East countries due to logistic and freight advantage and demand for non-GMO meal has lost the ground owing to much higher soy meal price of Indian origin compared to the South American meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea were the major destinations for Indian soy meal exports, whose demand shifted to South America.*

India's Y-o-Y soy meal prices, Indore, are currently lower. Soy meal Indore was quoted lower between Rs 29,000 – 30,300/MT during the week compared to Rs 29,500 – 30,000/MT during the corresponding period last year.

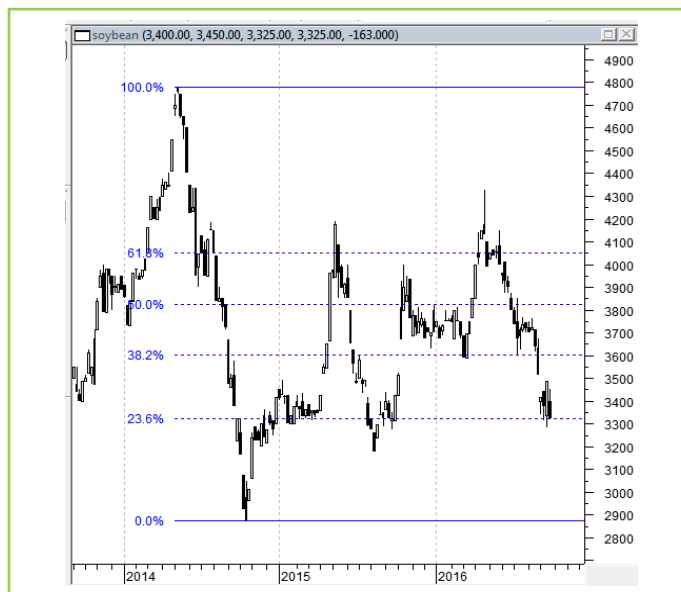
*The soy meal prices are likely to feature range-bound movement with weak-bias on likely higher domestic and international soybean production, in near-term. However, prices could get strength once the demand for new crop meal creeps into the market in a couple of weeks.*

### Technical Analysis:

#### NCDEX Soybean Futures



#### Soybean Spot, Indore



\*Note: Daily Chart

#### Support & Resistance NCDEX Soybean – Oct. contract

S1	S2	PCP	R1	R2
3000	2950	3201	3355	3431

- Soybean edged-lower on selling pressure during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are easing in the oversold zone.
- MACD is falling in the negative territory.
- The prices are expected to feature losses in the coming week.
- Trade Recommendation (NCDEX Soybean – Oct.) Week: **BUY** Above 3160. Levels: T1 – 3260; T2- 3310, SL - 3100.

## Rapeseed - Mustard Seed

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The domestic rapeseed-mustard posted gains, as expected, in association with soybean during the week under review. However, the gains were restricted by the better *kharif* oilseeds production prospects.

We feel rapeseed-mustard demand to improve from solvent extractors to meet the upcoming festive mustard oil demand in coming days will limit any major fall, despite seasonal soybean pressure.

Besides, gains in the BMD CPO remained positive factor for the seed, as domestic rapeseed-mustard closely tracks Malaysian palm oil.

Currently, the seed prices at benchmark, Jaipur are up by 4% at Rs. 4,935 – 5,000 per quintal compared to Rs. 4,765 – 4,770 per quintal during the corresponding periods last year.

The all India daily arrivals of the seed continued to ease and were reported between 0.60 – 0.75 lakh bags and are lower compared to 1.10 – 1.15 lakh bags during the corresponding period last year.

In a big move the government of India has slashed the import duty on refined palm oil to 15% from 20% earlier and on crude palm oil to 7.2% from 12.5% earlier.

India's rapeseed-mustard closely tracks international palm oil benchmark, BMD.

Recently, the palm oil prices have surged in the international market in conjunction with the Malaysia's move to raise the export duty on palm oil by 1.5% for October.

India's August edible oil imports fell 8.2 percent y-o-y to 12.49 lakh tons from 13.65 lakh tons in August 2015. Palm oil imports fell 6.9 percent y-o-y to 7.55 lakh tons y-o-y from 8.1 lakh tons in August 2015. CPO Imports fell by 16.25 percent y-o-y to 5.41 lakh tons from 6.46 lakh tons in August 2015. RBD palmolein imports rose by 34.18 percent y-o-y to 2.12 lakh tons from 1.58 lakh tons in August 2015.

Soy oil imports were down 17.7 y-o-y to 3.34 lakh tons from 4.06 lakh tons in August 2015. Sunflower oil imports rose by 10.8 percent y-o-y to 1.13 lakh tons from 1.02 lakh ton in August 2015. Rapeseed (Canola) oil imports rose by 6.7 percent y-o-y to 0.48 lakh tons from 0.45 lakh tons in August 2015, reported by Solvent Extractor's Association of India.

India's August edible oil stocks at ports and pipelines was lower by 4.65 percent m-o-m at 20.50 lakh tons from 21.50 lakh tons in July 2016. Stocks of edible oil at ports were at 755,000 tons (CPO 215,000 tons, RBD palmolein 110,000 tons, Degummed Soybean Oil 300,000 tons, Crude Sunflower Oil 105,000 tons and 25,000 tons of Rapeseed (Canola) Oil) and about 1,300,000 tons in pipelines. India is presently holding 37 days of edible oil requirement on 1st September, 2016 at 20.5 lakh tons compared to 39 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.

India's rapeseed-mustard follows the international palm oil as India imports the oil in huge quantities.

Malaysia's September 1-20 palm oil exports fell 12.2 percent to 917,288 tons compared to 1,045,079 tons in corresponding period last month. Top buyers were India at 173,300 tons (259,290 tons), European Union at 160,055 tons (203,995 tons), China at 150,460 tons (168,050 tons), Pakistan 45,000 tons (12,000 tons), and United States at 25,335 tons (54,285 tons). Values in brackets are figures of corresponding period last month, cargo surveyor Societe Generale de Surveillance (SGS).

Malaysia has increased October crude palm oil export duty to 6.5 percent from 5 percent in September. Tax is calculated at reference price of 2879.47 ringgit (USD 698) per ton. Prices above 2,250 ringgit are taxed with tax starting from 4.5 percent to a maximum of 8.5 percent, reports Malaysian Palm Oil Board (MPOB).

*Outlook: The rapeseed-mustard is expected to witness gains on upcoming fresh demand in mustard oil with upcoming festivities and falling weather temperature.*

## Technical Analysis:

### NCDEX RM Seed Futures



\*Note: Daily Chart

### RM Seed Spot, Jaipur



### Support & Resistance NCDEX RM Seed – Oct. contract

S1	S2	PCP	R1	R2
4573	4500	4698	4903	5008

- RM seed witnessed mild gains in the market during the week.
- Prices closed below 18-day EMA.
- RSI and stochastic are rising in the neutral zone.
- MACD is falling in negative territory.
- The prices are expected to feature gains during the week.
- Trade Recommendation (NCDEX Rapeseed-Mustard – Oct.) Week: **BUY** Above 4600. Levels: Target – 4700; T2- 4750, SL - 4540.

## Annexure

### Oil Meal Prices at Key Spot Markets:

#### **Soy DOC Rates at Different Centers**

Centres	Ex-factory rates (Rs/ton)		
	23-Sep-16	16-Sep-16	Parity To
Indore (MP)	29000	29500	Gujarat, MP
Kota	29500	29000	Rajasthan, Del, Punjab, Haryana
Dhulia/Jalna	31200	30700	Mumbai, Maharashtra
Nagpur (42/46)	32000	31000	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Nanded	32000	31000	Andhra, AP, Kar ,TN
Latur	32300	31500	-
Sangli	30200	30700	Local and South
Sholapur	31500	31000	Local and South
Akola	31700	30800	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Hingoli	31500	31000	Andhra, Chattisgarh, Orrisa,Jharkhand, WB
Bundi	29000	28500	-

#### Soy DOC at Port

Centers	Port Price	
	22-Sep-16	15-Sep-16
Kandla (FOR) (INR/MT)	32000	31500
Kandla (FAS) (USD/MT)	479	470

International Soy DOC			
Argentina FOB USD/MT	22-Sep-16	15-Sep-16	Change
Soybean Pellets	340	343	-3
Soybean Cake Flour	340	343	-3
Soya Meal	348	351	-3
Soy Expellers	348	351	-3

<b>Sunflower (DOC) Rates</b>	<b>Ex-factory rates (Rs/ton)</b>		
<b>Centers</b>	<b>23-Sep-16</b>	<b>16-Sep-16</b>	<b>Change</b>
Adoni	23500	23500	Unch
Khamgaon	NA	NA	-
Parli	23500	23500	Unch
Latur	21000	21000	Unch

<b>Groundnut Meal (Rs/MT)</b>	<b>23-Sep-16</b>	<b>16-Sep-16</b>	<b>Change</b>
Basis 45%, Saurashtra	27500	27200	300
Basis 40%, Saurashtra	24000	23700	300
GN Cake, Gondal	28000	27000	1000

<b>Mustard DOC/Meal</b>	<b>23-Sep-16</b>	<b>16-Sep-16</b>	<b>Change</b>
Jaipur (Plant delivery)	19400	19200	200
Kandla (FOR Rs/MT)	19700	19500	200
Sri Ganganagar	2405	2385	20

## MSP for 2016/17 Kharif Oilseeds

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval for Minimum Support Prices (MSPs) for Kharif Crops of 2016-17 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 6.7% to Rs 2775/Qtl (including Rs 100 bonus) for 2016-17 season from Rs 2600/Qtl in 2015-16, Groundnut -in- shell by 4.7% to Rs 4220/Qtl (including Rs 100 bonus) from Rs 4030/Qtl, Sunflower seed by 3.9% to Rs 3950/Qtl (including Rs 200 bonus) from Rs 3800/Qtl, Nigerseed by 4.8% to 3825/Qtl (including Rs 100 bonus) from Rs 3650/Qtl and Sesamum by 6.4% to Rs 5000/Qtl (including Rs 200 bonus) from Rs 4700/Qtl.

## MSP for 2015/16 Rabi Oilseeds

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2014-15 season to be marketed in 2015-16 as follows: The MSP of Rapeseed/Mustard is raised by Rs. 50/Qtl to Rs. 3100/Qtl from Rs. 3050/Qtl earlier. For Safflower too it is increased by Rs. 50/Qtl to Rs. 3050/Qtl from Rs. 3000/Qtl in 2013-14.

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